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## Mexico

### Agricultural Situation

### Weekly Highlights & Hot Bites, #33

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#### Report Highlights:

**Poultry Crisis in Merida\*Campesio Group Calls for Yucatan State-of-Emergency\*Government Earmarks More Aid for Yucatan\*IMF Report: Mexico an Island of Stability Amid Latin American Turbulence**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico [MX1], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

**DISCLAIMER:** Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

## POULTRY CRISIS IN MERIDA

On September 29, 2002, the National Poultry Association placed an article on their web page, stating that 75-percent of the poultry industry in the State of Yucatan was damaged due to Hurricane Isidore. According to the Southeast Poultry Association, about 8.5 million birds were killed including parent stock, breeding stock, laying hens, pullets, broilers, turkey pullets and turkeys. The approximate economic loss is at least US\$60 million dollars from about 30 different companies in the region. This situation puts the industry in a short term crisis. The governor of the State of Yucatan, Mr. Patricio Patrón, met with producers who requested a delay at the federal level for the opening of the international poultry markets, due to the extent of damage caused by this natural disaster. Producers also requested federal and state support and credits to start reactivating the industry. Some 8,000 direct vocations are generated by the poultry industry as well as 22,000 indirect. According to other local news reports, about 150 poultry farms and 240 pork farms were damaged; some 40-percent of the City of Merida has no electricity; and about 95,000 hectares (950,000 acres) with different agricultural products were damaged. The sanitary alert in the State of Yucatan has intensified and the local and federal authorities indicated that main risks now are epidemic outbreaks. On October 1, 2002, the President of Mexico, Mr. Vicente Fox, will visit the affected regions for the third time. (FAS NOTE: The storm prevented a team of USDA/FSIS inspectors from conducting an audit to certify the poultry slaughtering process of a poultry plant and laboratory in Merida for exporting poultry meat to the United States. The visit will have to be conducted when things return to normal and the plant is fully operational. END NOTE.) (Source: *El Financiero*, 9/27/02, *Reforma*, 10/1/02)

## CAMPESINO GROUP CALLS FOR YUCATAN STATE-OF-EMERGENCY

On Sunday, September 29, 2002, the President of the National Campesino Confederation, Mr. Heladio Ramirez Lopez, called on President Vincente Fox to announce a state-of-emergency in the States of Yucatan, Quintana Roo, Campeche and Chiapas in order to make available much-needed resources from the Natural Disaster Fund (*Fonden*). Hurricane Isidore destroyed more than 500,000 hectares (5,000,000 acres) of farmland, authorities from the League of Agrarian Communities estimate. Citrus farms were especially hit hard. (Source: *The News*, 9/30/02)

**GOVERNMENT EARMARKS MORE AID FOR YUCATAN**

On Monday, September 30, 2002, the Government of Mexico said it would channel more than 400 million pesos (US\$40 million) through various aid programs to inhabitants of Yucatan, one week after Hurricane Isidore devastated the state. Agriculture Secretary Javier Usabiaga said more than 150 million pesos (US\$15 million) in farm subsidies would be channeled to affected farmers, with further aid promised as the full extent of damage becomes known.

Hurricane Isidore slammed into Yucatan on September 21, 2002, seriously damaging over 95,000 homes and affecting more than half a million of Yucatan's 1.6 million residents. By Monday, September 30, 2002, ten highways remained blocked, isolating at least 250,000 people, and much of the state remained without electricity. (Source: *The News*, 10/1/02)

**IMF REPORT: MEXICO AN ISLAND OF STABILITY AMID LATIN AMERICAN TURBULENCE**

Mexico will weather the economic turbulence blowing across Latin America thanks to its strong links with the United States, the International Monetary Fund (IMF) said in its latest World Economic Outlook report. The study by the international lender predicts Mexico's economy will expand by 1.5-percent this year and 4-percent next year, while it forecasts Argentina's economy will contract by a catastrophic 16-percent in 2002. The report singles out Mexico and Chile as the only Latin American countries withstanding the regional economic crisis: "Mexico and Chile continue to resist the region's difficulties reasonably well, helped by sound policy management, relatively low public debts (Chile) and strong links to the United States (Mexico)." Mexico and Chile's sound policy performances have been reflected in the fact that they are the only Latin American countries with investment-grade debt ratings, the report states. However, the IMF warns the failure of the Mexican government's tax reforms have left the nation dependent on volatile oil revenues. Furthermore, while the international lender says the weakening peso is not "unwelcome," as a way to boost exports, it says recent rises in inflation are potentially harmful and urges the government to maintain a "firm monetary stance." The report predicts consumer prices in Mexico will rise by 4.8-percent this year and 3.7-percent next year, above "Banco de Mexico's" ambitious targets of 4.5-percent for this year and 3-percent for 2003. (Source: *The News*, 9/26/02)

**REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY**

| REPORT # | TITLE  | DATE    |
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| MX2135   | Weekly Highlights & Hot Bites, Issue #32     | 9/25/02 |
| MX2136   | Change of Orts of Entry for Poultry in Brine | 9/26/02 |
| MX2137   | Exporter Guide                               | 9/26/02 |

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